

HOA: BEFORE YOU BUY



Homeowners associations (HOAs) have steadily become more prevalent in recent years. Knowledge is power. Here are some quick tips to get you started on research to help you decide if a home within a particular association is the right fit for you:

GET A COPY OF THE COVENANTS AND BYLAWS AND CAREFULLY READ THEM.

Generally, these governing documents set out how the homeowners association will operate. This includes information on meetings, dues, special assessments, elections and collection policies. They also often limit how a homeowner can improve or use their property.

- **Look for any required fees.** Factor in the cost of association dues when deciding if you can afford the home.
- **Find out how much is in reserve.** If a HOA doesn't have enough money to make capital improvements, they may impose a "special assessment," money you pay in addition to your standard dues.
- **Ask how often dues can change.** When was the last time dues increased or a special assessment was imposed?
- **What do you get for your money?** Ask to see the association's insurance declaration page. Look in the governing documents for responsibilities of the association: do they maintain all common areas, roads, dams, etc.
- **Pay attention to the collection policies and process.** If a homeowner violates the HOA rules, fines and liens on homes are tools often used by associations in collection efforts.
- **Check for any restrictions on your property.** These may include rules related to landscaping, home/building standards, guests, garbage, parking and pets.

ASK THE SELLER FOR BACKGROUND INFORMATION.

Request association meeting minutes from the past 12 months and any newsletters sent out during that time. Ask for something in writing from the HOA stating the home is currently not in violation of any association rules. You don't want to be holding the bag after closing for an existing violation.

ADDITIONAL RESEARCH.

Attend an association meeting. Observe how the board members interact with homeowners and pay attention to the issues raised. Talk to neighbors to see how well the association functions. You can also do a simple internet search for any online complaints or lawsuits related to the association.

Association governing documents are often complicated. If you need help, contact an attorney. Paying up front to understand the terms could save you money and headaches in the future.

